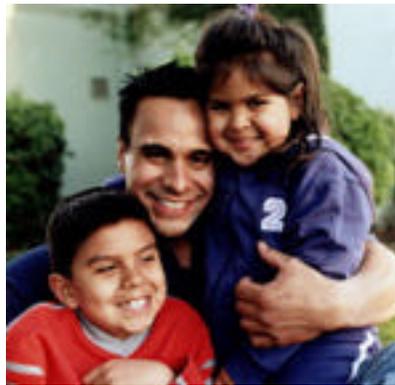


The Bush Budget: The Wrong Priorities for Hispanic Americans



A Joint Report by House Democratic Leader Nancy Pelosi and the
Congressional Hispanic Caucus

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Introduction

Even as Hispanic Americans are struggling to achieve financial security, the Bush budget ignores the very real challenges they are facing. It fails to create jobs, and instead creates record deficits. It shortchanges education, health care, veterans' benefits, and small business. Instead of helping Hispanic families, it provides additional tax breaks for those who need them least and billions of dollars in new giveaways to HMOs and other wealthy corporate interests.

President Bush and Republicans have talked a lot about reaching out to minority communities, but that is all it is – talk. The President's budget is out of step with the priorities of the 40 million Latinos across our nation.

The Bush budget has shortchanged a number of key priorities that are particularly important to our nation's Hispanic families in order to give tax cuts to those who need them least. The Bush budget fails to invest in key priorities from jobs and the economy to education to health care. It fails to include a real economic growth package while at the same time cutting essential programs to create opportunity for all Americans, including Hispanics. It raids the Social Security Trust Fund to pay for a reckless tax cut, and shortchanges public housing. All this in order to pay for a tax break for the wealthy that will not create jobs, and will saddle the next generation with debt, threatening long-term economic growth.

This report examines the Bush budget and its effect on the Hispanic community in the following areas:

- Jobs and the Economy
- Education
- Health Care
- Homeland Security/Law Enforcement
- Social Security
- Aid to Latin America
- Child Care
- Civil Rights
- Housing
- Immigration Fees

Democrats have different priorities. We want to help all Americans achieve financial security, invest in programs that create good paying jobs, improve education, lower health care costs, make college more affordable, help small businesses grow, support our veterans and military retirees, and do more to protect our ports and borders from terrorism.

Executive Summary

No action on job creation, with 1.4 million Hispanic workers still looking for a job. The Bush budget squanders an additional \$1 trillion over the next 10 years on additional tax cuts for the wealthy, but President Bush's budget does nothing to create good-paying jobs here at home. The unemployment rate for Hispanics jumped to 7.3 percent last month, with 1.4 million Hispanics looking for work. This rate is 25 percent higher than when President Bush took office.

Slashes funding for the Small Business Administration and eliminates Microloans. The Bush budget cuts funding for the Small Business Administration, which helps minority owned small businesses grow, by \$79 million. There are over 1 million Hispanic-owned small businesses. The Bush budget provides no resources for the Microloan program, which provides assistance to small start-ups, even though this program is critical to aiding minority communities. Last year this vital program provided \$26.5 million in loans, and over time has loaned more than \$112 million to start up newly established and growing small businesses.

Breaks the promise of a better education. Over 27 percent of Hispanic students drop out of high school, yet the President's budget eliminates funding for the dropout prevention program. In addition, the President's budget fails to provide \$9.4 billion in promised funding for education – meaning that 2.4 million children will not get the help with reading and math they were promised. The Bush budget essentially freezes funding for bilingual education for the third year in a row for the 5 million limited English proficiency students; eliminates the Even Start program for 23,000 Hispanic families to help them with early childhood education, adult literacy, and parenting education; denies help to 1.3 million children who were promised after-school services; and guts Head Start for 271,000 Hispanic children, including children of seasonal/migrant families.

Shortchanges college opportunity. The President's budget closes the door on a college education, even though only one in ten Hispanics attends college. It freezes the maximum Pell Grant award in the face of skyrocketing tuitions and cuts funding for Perkins loans by nearly \$100 million.

Leaves veterans behind. There are over 1.1 million Hispanic veterans, and yet the President's budget shortchanges veterans' health care -- raising health care costs for 1 million veterans, while failing to adequately address the waiting lists for health care.

Fails to make healthcare affordable. There are over 12 million Hispanic Americans without health insurance and millions more who can barely afford to pay their premiums, yet the Bush budget does nothing to hold down costs. It includes a health care tax credit that covers only 5 percent of the 44 million uninsured, and Health Savings Accounts that help only the healthy and wealthy. The Bush budget would encourage states to limit their Medicaid costs by cutting people from the rolls, cutting benefits, and increasing cost sharing for some of our most vulnerable citizens, which could be very detrimental for the over 7 million Hispanics who receive health care through Medicaid.

There are more than 2 million Hispanic seniors on Medicare, and yet the Bush budget fails the two-thirds of Hispanic seniors with chronic conditions who do not have prescription drugs coverage. Although the Bush budget now includes \$46 billion in special payments to HMOs – \$30 billion more than originally estimated – it does nothing to help seniors lower their prescription drug costs. Despite this, Republicans are refusing to hold down drug costs, refusing to let the government negotiate discounts for seniors, and refusing to allow Americans to import less expensive drugs from Canada.

Denies affordable housing. About two-thirds of Latinos spend more than one-third of their income on housing and 20 percent of public housing residents are Hispanics, and yet the President's budget makes deep cuts in housing programs. In fact, 250,000 families could lose their housing vouchers under the President's budget.

Undermines safe and strong communities. Over the 1990s, violent crime against Latinos dropped 56 percent. Instead of building on this progress and working to strengthen and make communities safe, President Bush's budget cut funds for local police and EMS workers by 15 percent, slashes the COPs program by 87 percent, and cuts juvenile justice programs by 41 percent.

Jobs and Economy

Since President Bush took office, nearly 2.9 million jobs have been lost. The unemployment rate for Hispanics jumped to 7.3 percent in January, with 1.4 million Hispanics looking for work. **(Bureau of Labor Statistics, 2/04)** This rate is 25 percent higher than when President Bush took office, and does not take into account the hundred of thousands of discouraged workers who have left the workforce in response to the dismal job market. When people who are working part-time for economic reasons, discouraged workers and those who are marginally attached to the labor force are taken into account, the unemployment rate for the Hispanics in the 4th Quarter of 2003 reached over 14 percent. **(Pew Hispanic Center, 2/04)** Further, the median wage for Hispanic workers has been stagnant over the past two years.

Includes budget-busting tax cuts but fails to invest in our economic recovery. Despite this jobless recovery, the Bush budget squanders another \$1 trillion over the next 10 years on even more tax breaks for those who do not need them, creating a long-term drag on economic growth. The Bush tax cuts have not created good-paying jobs here at home, and have left minority families behind. In fact, last year an analysis of the Bush tax cuts to be extended in this new budget concluded that “the tax cuts received by black and Hispanic taxpayers would be 35 percent smaller than the tax cuts received by white taxpayers. In fact, the centerpiece of the President’s so-called “growth” package – the elimination of the tax on stock dividends would give the average Hispanic taxpayer \$30. **(House Government Reform Committee, 4/03)**

Small Business. The growth of small business is critical to the prosperity of Hispanics in the United States. In 1997, 1.2 million Hispanic-owned generated \$186.3 billion in revenues. **(Census Bureau, 3/22/01)** Minority-owned firms have been growing at four times the rate of all firms in the U.S. economy, increasing from 2.1 million to 2.8 million firms from 1992 to 1997. **(Census Bureau, 7/12/01)** Yet despite the importance of small business to growth in our economy and to the Hispanic community, the President’s budget cuts \$79 million from the Small Business Administration (SBA). This makes it one of the hardest hit agencies under the President’s budget, even though small businesses employ nearly half of all workers and create three out of four new jobs. Funding for the Small Business Administration has decreased every year since President Bush took office.

The President’s budget eliminates all funding for the SBA’s largest small business loan program, the 7(a) program, and proposes to run the program solely through fee increases. The 7(a) program backs approximately \$11 billion in loans to many of the USA’s 5.6 million small companies each year, and is especially helpful to business owners who could not qualify for traditional bank loans. These fee increases will substantially raise the cost for small businesses that use the program, and discourage some lenders from offering small business loans. As the National Small Business Association noted, “it makes starting or expanding a small business more difficult and more expensive.” **(Chicago Tribune, February 3, 2004)**

Eliminates Microloan program & ends funding for other minority small business programs. The Bush budget provides no resources for the Microloan program, even though this program is critical to aiding minority communities. Last year this vital program provided \$26.5 million in loans, and over time has loaned more than \$112 million to start up newly established and growing small businesses. Bush’s 2005 budget also provides no funding for the following small business programs important in minority communities:

- the New Markets Venture Capital Company Program, which aims to bring equity investment to low-income communities across the nation,
- SBA’s PRIME (Program for Investments and Microentrepreneurs) for disadvantaged microentrepreneurs and

- BusinessLINC, a mentoring program for small businesses in low-income areas.

Fails to extend unemployment insurance for long-term unemployed. The Bush budget fails to include funding for an extension of unemployment insurance to help 4.6 million unemployed Americans, even though nearly 2 million people have been looking for work for over 6 months without having found a job. Because Republicans are refusing to extend federal unemployment benefits, an estimated 760,000 jobless workers will have exhausted their regular unemployment benefits without getting federal help by the end of February. This could be devastating to the 1.4 million unemployed Hispanics.

Job Training: Cuts vocational education, fails to increase job training and employment, and eliminates job training for migrant farmworkers. A disproportionate share of Latino workers lack sufficient academic and skills training preparation – key predictors of economic success. Yet the Bush Administration shortchanges the job training needed to create new opportunities. For the second year in a row, the Bush budget proposes to eliminate funding for the National Farmworker Job Program, which provides training, housing, and medical care for agricultural workers. There are an estimated 1.6 million farmworkers in the United State and over 70 percent of them are Hispanic. Farmworkers and their families live in appalling conditions, with one-half of farmworker families earn less than \$10,000 per year. (NCLR, *State of Hispanic America 2004*, 2/04)

Cuts \$316 million from vocational education and community colleges & fails to increase job training and employment programs. While President Bush highlighted a modest increase in job training, his budget cut job training and employment programs in real terms, and for cuts total funding below the 2005 amount over the next four years, with the steepest cut in 2006. By FY 2009, funding for this budget account would be cut 5 percent below this year' level, adjusted for inflation. (CBPP, 2/27/04) Further, the Bush budget slashes funding for vocational education by 24 percent, and freezes funding for adult education. This is on top of the more than \$1.5 billion in proposed cuts to job training and vocational education programs since he took office.

No help for 147,000 Hispanics who have lost manufacturing jobs in 2003, but GOP tax breaks for corporate interests that ship jobs overseas. The Bush budget cuts the Manufacturing Extension Partnership (MEP), which helps small U.S. manufacturers with everything from plant modernization to employee training, by nearly two-thirds from FY 2003 -- meaning 28,000 workers will either be laid off or not hired. The number of Hispanics losing manufacturing jobs totaled 147,490 over 2003 (from the 1st quarter to the 4th quarter, Pew Hispanic Center, 2/04). Overall, 2.8 million manufacturing jobs have been lost over the past three years, and yet the Bush budget fails to include a real manufacturing tax credit to create good jobs here at home. Instead, Republicans continue to push tax breaks for companies that move American jobs overseas.

Shortchanges highway and transit spending. The Bush budget provides only \$256 billion for highways and transit over six years – far less than the \$375 billion bipartisan bill currently pending before the House of Representatives. The President's budget does not increase funding for highways and transit over the next five years, even though congestion costs the U.S. economy \$69.5 billion a year in 75 cities alone. The House bill would create or sustain 1.7 million jobs, which could be of great help to Hispanic Americans as the construction industry is already a major source of new jobs for Latinos – growing by more that 385,000 over 2003. (from the 1st quarter to the 4th quarter, Pew Hispanic Center, 2/04)

Eliminates Empowerment Zones. The budget eliminates all funding for empowerment zones, which help revitalize city neighborhoods by attracting business development and providing employment opportunities.

Shortchanges Public Education & College Opportunities

Education is the key to opportunity in America. Hispanic children make up a growing portion of elementary and secondary school children. The Education Department's 2000 Baby Boom Echo Report shows that Hispanics make up 7.9 million of our school-aged children, and will increase 60 percent to 12.7 million over the next 20 years. And yet, schools with high concentrations of Latino students often lack adequate funding and have less qualified teachers. For example, schools serving Hispanic and other disadvantaged students spent on average \$966 less per student in 2000 than schools with fewer children from low-income homes. (**Education Trust, August 2002**) And the under funding of schools serving Hispanics makes it difficult to recruit and retain qualified teachers. (**Education Trust, 1998**) The result is that Latino students lag behind their elementary school peers in reading, math, and science proficiency, as well as in standardized tests. More than 40 percent of Hispanics over the age of 25 did not have a high school education in 2000.

Breaks the promise of a better education. Instead of rising to the challenge to leave no child behind, the President's budget fails to provide \$9.4 billion in promised funding for education – meaning that 2.4 million children will not get the help with reading and math they were promised under Title I. Since enactment of No Child Left Behind, the President has proposed to shortchange it by \$27 billion. This new budget cuts the funding for the Department of Education by \$1.5 billion for FY 2006 and essentially freezes it at that low level for the following three years. In 2006 for Title I math and reading help for disadvantaged children, it provides \$8 billion less than was promised – meaning another 2.6 million children will not get help. Cuts for 2006 through 2009 will mean fewer children are challenged to learn and equipped to succeed, or helped to meet the goals of the President's "No Child Left Behind" Act.

Eliminates School Dropout Program. Over 27 percent of Hispanic students drop out of high school, yet the President's budget eliminates all funding for dropout prevention. This makes the second year in a row the Bush budget has proposed eliminating this important program.

Freezes bilingual education. The Bush budget essentially freezes funding for bilingual education for the third year in a row, even though the number of students with limited English proficiency has doubled in the last 10 years to over 5 million children today. Under the Bush budget, 57,000 fewer limited English proficient children would receive English instruction than promised in the No Child Left Behind Act.

Eliminates Even Start. The President's budget eliminates the Even Start program, which integrates early childhood education, adult literacy, and parenting education into a unified family literacy program. Currently, 50,000 families are served through the Even Start program – 23,000 of them Hispanic.

Undermines after-school programs. The Bush budget provides only half of the funding promised to these programs, meaning that 1.3 million children who were promised after-school services will not get them. The Census Bureau estimates that 6.9 million children are regularly unsupervised in the after-school hours and the peak hours of juvenile crimes (3:00 p.m.- 8:00 p.m.). According to a recent study, after-school programs "are already boosting academic performance, especially for African Americans and Hispanics." [**New York Times, Bob Hebert, 2/13/03; FightCrime.org, 2/3/03**]

Shortchanges training for 56,000 teachers. The Bush budget provides only \$2.9 billion for teacher quality programs, which is \$234 million less than authorized in the No Child Left Behind Act. This means that 56,000 teachers will not get the extra training they need to help our children succeed.

Freezes Migrant Education Programs. The President's budget fails to provide any increase in Title I grant to states that help fund extra reading and math help for children of migrant and seasonal workers.

Jeopardizes aid to children of military families. The Bush budget freezes Impact Aid funding this year and cutting each year thereafter below the amount need to maintain current services by 9 percent in FY 2009, jeopardizing programs and services for children of military families.

Guts Head Start & Migrant and Seasonal Head Start. There are 271,000 Hispanic children being served through Head Start, including thousands of children of migrant workers, but the President's budget eliminates the comprehensive educational, health, and nutrition services that children in this program currently receive. In addition, the President's budget essentially freezes funding for Head Start, after accounting for inflation, even though Head Start currently leaves behind 40 percent of eligible preschoolers. Then it reduces Head Start funding in the future -- cutting \$177 million in 2006, assuming that the cut to children and family programs is applied across the board. **(House Budget Committee, 2/19/04)** By 2009, the cut in Head Start could result in 62,000 fewer children in the program compared to 2004. **(CBPP, 2/27/04)** This is particularly difficult for the Migrant and Seasonal Head Start program, which only serves 19 percent of the 161,000 eligible children of migrant and seasonal farm workers.

Closes the door on a college education. Only one in 10 Hispanic Americans attend college and only 11 percent of Hispanic adults have their bachelor's degree. Pell Grants are key to helping Hispanic young people get to college, with 40 percent of Hispanic students at four-year public colleges and universities depending on Pell Grants to make college affordable. **(CRS estimates based on National Postsecondary Student Aid Study, Department of Education, 1999-2000)** Despite nationwide increases in the cost of college, the Bush budget proposes to deny any increase in the maximum Pell Grant award and cut funding for Perkins loans by nearly \$100 million. Under the Bush budget, Pell Grants would pay for only 34 percent of typical costs at a four-year public college -- down from 72 percent in 1976, despite the Bush campaign promise to increase Pell Grants by over \$1,000 -- and would be cut by at least \$75 in 2006. **(House Budget Committee, 2/19/04).** This year, tuition at state universities increased nationwide by as much as 40 percent in some states.

Eliminates state college scholarships program, and risks \$1 billion in non-federal Student Aid. The Bush budget eliminates the \$66 million Leveraging Educational Assistance Partnerships (LEAP) initiative, which encourages states to establish college scholarships for students. In 2001-2002, the federal investment in LEAP leveraged more than \$1 billion in matching state spending.

Cuts programs that boost college opportunities for students and veterans. The Bush budget freezes GEAR UP and TRIO funding -- programs that boost opportunities for veterans, the disadvantaged, and first generation college students to earn a college degree. The President's freeze severely handicaps TRIO -- which currently serves only 7 percent of all eligible students and veterans due to inadequate funding.

HEP/CAMP. The Bush budget provides no increase in funding for the High School Equivalent Program/College Assistance Migrant Program to prevent high school dropouts and keep students in college through their first year.

Hispanic Serving Institutions. The budget proposes only a 2 percent increase for Hispanic Serving Institutions -- not even enough to keep pace with education inflation. This constitutes the smallest increase in HSI funding in six years. Since Hispanics form one of the fastest growing groups of students in higher education and over 40 percent of Hispanics in higher education graduate from an HSI, it will take an increase in HSI funding to meet the needs of this student population.

Veterans

There are over 1.1 million Hispanic veterans, about 5% of the Hispanic population in the U.S. The President's budget raises health care costs for 1 million veterans, imposing new co-payments and enrollment fees that will cost veterans over \$2 billion over five years. In fact, over five years, the budget for veterans' health care programs is \$13.5 billion below the amount needed to maintain services at current levels. By FY 2009, the funding for veterans' health services would fall \$5.7 billion below the FY 2004 level, adjusted for inflation. (CBPP, 2/27/04)

Proposes new increases in the cost of veterans' health care. Every year since taking office, the Bush Administration has proposed to increase the cost of health care for veterans. Specifically, President's budget proposes to double the prescription drug co-payments, and impose a \$250 enrollment fee for veterans making as little as \$25,000 per year. According to the Administration's own figures, this will result in driving about 200,000 veterans out of the system, and discourage another 1 million veterans from enrolling.

Fails to provide meaningful investment in veterans' health care and slashes long-term care funding. Right now, over 30,000 veterans are waiting six months or longer for an appointment at VA hospitals. But the President's budget includes an increase of less than 2 percent for veterans' health care - not enough to maintain current services and \$3.2 billion less than the veterans' organizations agree is needed. The budget also slashes \$294 million in funding for long-term care for America's veterans, which will reduce the number of patients treated by more than 8,000. Hispanic veterans are more reliant on VA for health care than others -- with 12 percent reporting it as their only source of health care.

Health Care

Access and affordability of health care is a critical issue for Hispanic Americans. Overall, more than 12 million Hispanic Americans have no health insurance. That is why Medicaid, which provides health care coverage to low-income seniors, children, and disabled Americans, is critical to minorities. Minority children, in particular, face obstacles in getting the health care they need. In 2001, of the 9.2 million uninsured children, 36% were Hispanic. In fact, 4.7 million Hispanic children get healthcare through Medicaid or S-CHIP. (Congressional Research Service)

Fails to make healthcare affordable for middle-class families. There are over 12 million Hispanic Americans without health insurance and millions more who can barely afford to pay their premiums, yet the Bush budget does nothing to hold down costs. It includes \$70 billion for a \$1,000 tax credit for individual coverage that covers only 5 percent of the 44 million uninsured, and Health Savings Accounts that help only the healthy and wealthy.

Undermines Medicaid. Not only does the Bush budget do little for the uninsured, it makes the problem worse. The Bush budget expresses support for transforming a large portion of Medicaid from an entitlement to a block grant, shifting the cost of the program onto hard-pressed states. The Bush plan would encourage states to limit their liability by cutting people from the rolls, cutting benefits, and increasing cost sharing for some of our most vulnerable citizens. Over 7 million Hispanics receive health care through Medicaid.

Prescription Drugs: more for special interests, not seniors. Barely one-third of Hispanic seniors with chronic conditions have coverage for prescription drugs. Although the Bush budget now includes \$46 billion in special payments to HMOs – \$30 billion more than originally estimated – it does nothing to help seniors lower their prescription drug costs. Despite this, Republicans are refusing to hold down drug costs, refusing to let the government negotiate discounts for seniors, and refusing to allow Americans to import less expensive drugs from Canada.

Slashes programs to increase minority representation in the health professions. Many of the Title VII Health Professions Training programs are focused on increasing minority representation in the health professions. And yet the Bush budget slashes funding for Title these programs by 96 percent – cutting funding from \$294 million in Fiscal Year 2004 to \$11 million in Fiscal Year 2005. (For the separate Title VIII Nursing Training programs, the Bush budget provides \$147 million, a \$5 million increase.) The Bush budget completely eliminates the \$36 million Health Careers Opportunity Program, which helps individuals from disadvantaged backgrounds prepare for and successfully graduate from health professions schools, and the \$34 million Minority Centers of Excellence Program, which supports programs of excellence that train minority health professionals. It also slashes Health Professions Scholarships for Disadvantaged Students by 79 percent -- from \$48 million in Fiscal 2004 to \$10 million in Fiscal 2005.

Freezes Minority HIV/AIDS Initiative. The Clinton Administration created the important Minority HIV/AIDS Initiative, which works to ensure that such programs as the Ryan White CARE Act and CDC HIV/AIDS prevention programs meet the needs of the minority community. Indeed, 20 percent of persons living with AIDS are Hispanic and Hispanic Americans account for nearly 20 percent of the new AIDS cases. And yet over the last three years, the Bush Administration has kept funding for this important initiative stagnant. Once again the Bush budget proposes essentially freezing this initiative.

Underfunds National Center on Minority Health and Health Disparities. The Clinton Administration also created the National Center on Minority Health and Health Disparities at NIH. Despite the fact that the mortality rate for many illnesses is much higher in the minority community than in the nation at large, research on minority health remains underfunded. Given its underfunding, the Bush minimal request of a 2.7 percent increase remains inadequate. The Bush administration has finally admitted that a report produced by the Department of Health and Human Services (HHS) on health disparities was intentionally altered by political appointees to downplay serious health problems faced by minorities. HHS now admits it left out, among other references, the unequal treatment that African Americans and Hispanics face in emergency rooms and hospitals, the higher rates of hospitalizations for asthma among African American children and the societal and personal price that these disparities cost.

Cuts Office of Minority Health. The President's budget cuts funding for the Office of Minority Health by 15 percent from this year's enacted level. This office supports disease prevention, health promotion, service demonstration, and educational efforts that focus on health concerns that cause the high rate of disease in racial and ethnic minority communities.

Keeping Our Communities Safe & Strong

All of us are concerned about the safety of our communities -- whether it is the threat of terrorists or crime. We also look to improve our communities economically to make them a better place to live. On the criminal justice front, we have made great strides; violent crime against Latinos dropped 56 percent during the 1990s, because in part of improved relationships with the police. Unfortunately, the Bush budget takes us in the wrong direction regarding these priorities.

Significantly cuts funding available to police, firefighters, and medics. Police departments nationwide do not have the protective gear to safely secure a site after the detonation of a weapon of mass destruction and fire departments have only enough radios for half the firefighters on a shift. And yet the Bush budget includes a net cut in first responder funding within the Department of Homeland Security of \$648 million, or 15 percent. This net cut is the result of slashing first responder formula-based grants by \$821 million, or 37 percent, and slashing the separate Firefighter Grant program by \$246 million, or 33 percent – somewhat offset by an increase in the first responder urban-areas grant program. Over five years, the President’s budget cuts first responder programs by a total of \$1.3 billion below a freeze at the 2004 enacted level.

The Bush budget slashes aid to state and local law enforcement by a total of \$959 million or by 32 percent. Progress in reducing crime against Latinos was in part born out of community policing funded through the COPS program. But the Bush budget undermines that progress; it eliminates the local law enforcement block grant and the Byrne grant program, and slashes the COPS program by 87 percent, which provides grants and other assistance to help communities hire, train, and retain police officers and improve law enforcement technologies.

Cuts Juvenile Justice. The President’s budget cuts juvenile justice programs by 41 percent, including a \$3.2 million cut in funding for the Office of Juvenile Justice and Delinquency Prevention. (*Children’s Defense Fund, 2/04*)

Cuts Community Development Block Grant by 7 percent. The President’s budget cuts the Community Development Block Grant \$317 million below the 2004 enacted level, even though these grants work to promote economic development in low- and moderate-income communities. By 2009, the budget cuts funding by almost half a billion dollars below the 2004 level.

Social Security

Social Security plays a key role in the life of Latino seniors. Without Social Security, the poverty rate for Hispanic seniors would increase from 16 percent to nearly 55 percent. (*Social Security Administration, Income of the Population 55 or Older, 2000*)

Spends every dime of the Social Security Trust Fund on tax cuts for the wealthy. The budget provides more than \$1 trillion dollars of tax cuts for the wealthy, which forces the borrowing of every dime from the Social Security Trust Fund. When the President took office, the government was projected to save every dollar of the Social Security surplus. But now, the Bush Administration would borrow and spend all of the money from the Social Security Trust Fund over the next 10 years, just as the Baby Boomers are about to retire. The long-term cost of the Administration's tax cuts is more than three times the entire long-term Social Security shortfall. [*CBPP, 3/5/03*]

Social Security Privatization. Even though 2.2 million Hispanics receive Social Security, in his State of the Union address, the President continued his calls for Social Security privatization. This radical proposal pushed by Bush’s Wall Street contributors would permanently damage Social Security, diverting nearly \$2 trillion out of the Social Security Trust Fund for private accounts over just the next 10 years. The result: Social Security benefit cuts for seniors and the disabled who rely on Social Security to make ends meet, or an increase in the retirement age, or both.

Aid to Latin America

In President's Bush's FY 2005 budget, Latin America is the only region in the world that will suffer foreign aid cuts. While planned U.S. aid for Africa, the Middle East and Southeast Asia will be either increased or maintained at current levels, economic aid to Latin America will drop from \$757 million in 2004 to \$721 million in 2005. These cuts are being made at a time when Latin American democracies are threatened, and extreme poverty is growing, and despite repeated administration's claims that Latin America is one of its highest foreign policy priorities.

Civil Rights

Election Reform. In its budget for FY 2005, the Administration calls for only \$40 million in funding for election reform, even though the Help America Vote Act authorizes \$800 million more for grants to states and localities to ensure that everyone vote is accurately counted. These funds are used to upgrade voting systems, develop electronic voting registration lists, assure access for individuals with disabilities, and train election officials. Not only has the Bush Administration shortchanged election reform, but it has delayed implementation of the new election reform law – dragging it feet on the appointment of the Election Reform Commission more than a year after the bill was enacted. This means that many of the reforms intended to be in place will not be ready for the 2004 election, according to election experts. (AP, 2/17/04)

Civil Rights Enforcement. The Bush budget cuts Fair Housing and Equal Opportunity Activities by \$1 million below the 2004 purchasing power level, and freezes the Commission on Civil Rights at the 2004 purchasing power level.

Cuts Legal Services Corporation. The President's budget cuts the Legal Services Corporation, a \$10 million cut below the 2004 purchasing power level and \$23.4 billion below the amount requested. The Legal Services Corporation is the key mechanism to provide legal services to low-income Americans in more than 1 million cases including domestic violence, child custody, evictions, access to health care, bankruptcy, unemployment and disability claims. Almost 30 percent of those currently served by the Legal Services Corporation are Hispanic, and yet Legal Services Corporation is force to deny 80 percent of eligible clients needed legal assistance.

Child Care and Development Block Grant

Even though waiting lists for CCDBG assistance are tens of thousands of families long in many states, President Bush's budget proposes to increase child care waiting lists by hundreds of thousands. The Child Care and Development Block Grant provides child care assistance for low-income families working to get off welfare and early education to our country's most disadvantaged children. By freezing funding for CCDBG for the third consecutive year, the Bush budget - by their own admission - will cut child care assistance by an additional 300,000 children by FY 2009. Independent experts estimate that the loss under the President's budget will be even worse, eliminating child care for 447,000 children.

Housing

Lack of affordable housing is a big problem for Hispanic families. About two-thirds of Latinos spend more than one-third of their income on housing. But, rather than making more affordable housing available, the President's budget makes many cuts in public housing, even though these funds are critical to make it possible for 1.7 million low-income families to have shelter. Nearly 20 percent of public housing residents are Hispanic. (HUD's Multifamily Characteristics Report)

Cuts Section 8 housing choice voucher funding and moves toward a block grant approach. The budget cuts the Section 8 housing programs by \$791 million below the 2004 level and \$2.0 billion below the amount needed to maintain purchasing power at the 2004 level and renew all expiring voucher contracts. At the President's funding level, 250,000 families could be cut from this program, even though only about one out of four eligible families now receives this type of federal housing assistance. In addition to cutting the program, the President's proposal to block grant the program would eliminate the requirement to serve the neediest first, end the government's 30-year guarantee that low-income people only pay a certain portion of their income for rent, and allow current recipients to be kicked off of the program.

Eliminates funding for rehabilitation of distressed public housing. For the second year in a row, the budget proposes to eliminate funding for the HOPE VI program, a program that has successfully transformed severely distressed public housing projects into vibrant mixed-income neighborhoods. This program was funded at \$570 million in 2003 but only \$149 million in 2004.

Immigration Fees

The President's FY 2005 budget incorporates proposed increases in fees for immigration-related applications. Under the proposals, the fees for starting the naturalization process will increase from \$310 to \$390, a 26 percent increase. The Administration also has proposed an increase in the fees charged to U.S. citizens and legal permanent residents petitioning to bring family or employees into the United States and to foreign nationals in the United States seeking immigration benefits. Applicants for U.S. citizenship already incur large expenses in the naturalization process - they pay fees for application assistance, and English and civics educational services. For example, a couple with two young children pursuing naturalization could pay as much as \$1,260 under the fee increases. All totaled, the Administration expects immigration fees to increase by \$150 million this year. Despite President Bush's emphasis on immigration as a meaningful opportunity for newcomers to learn about our country's values, his budget places unfair and nearly insurmountable obstacles in their path.